

Cholamandalam Inv. & Finance

Estimate change 

TP change 

Rating change 

Bloomberg	CIFC IN
Equity Shares (m)	820
M.Cap.(INRb)/(USD\$)	616.2 / 7.5
52-Week Range (INR)	818 / 594
1, 6, 12 Rel. Per (%)	6/1/15
12M Avg Val (INR M)	1363

Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
Total Income	71.1	85.8	102.5
PPP	43.0	53.3	65.5
PAT	25.5	31.3	38.3
EPS (INR)	31.0	38.1	46.6
EPS Gr. (%)	19	23	22
BV (INR)	171	206	249

Valuations

NIM (%)	7.2	6.8	6.8
C/I ratio (%)	39.5	37.9	36.1
RoAA (%)	2.6	2.5	2.6
RoE (%)	19.8	20.2	20.5
Payout (%)	7.4	7.9	7.5

Ratios

P/E (x)	24.2	19.7	16.1
P/BV (x)	4.4	3.6	3.0
Div. Yield (%)	0.3	0.4	0.5

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	51.5	51.5	51.6
DII	21.2	21.9	22.8
FII	19.4	18.7	17.7
Others	7.9	7.9	8.0

FII Includes depository receipts

CMP: INR750

TP: INR880 (+17%)

Buy

Healthy growth in Earnings

Margins managed well

- CIFIC's PAT grew 31% YoY to INR6.8b, while NII grew 17% YoY to INR16b in 3QFY23. PPoP rose 13% YoY to INR10.8b. NIM/Core spreads were sequentially stable at 7.0%/6.7%, with an increase in borrowing costs offset by an expansion in yields. 9MFY23 PAT grew 24% YoY to ~INR18b.
- GS3/NS3 improved ~33bp/20bp QoQ to 3.5%/2.1%, while PCR on S3 decreased ~50bp QoQ to ~41%. Credit costs stood at 0.7% (annualized) v/s 1.4% YoY. Calculated write-offs stood at ~INR2b (~INR2.7b in 2QFY23).
- Disbursements remained strong and grew 100% YoY to INR455b in 9MFY23.
- New businesses contributed ~22% to the disbursement mix in 3QFY23. New businesses spawned by CIFIC are expected to see an improvement in the disbursement run rate and contribute ~11% to the AUM mix by FY24E. Growth in new businesses could offset the margin compression and help CIFIC deliver the guided pre-tax RoTA of 3.5%.
- We model a disbursement/AUM/PAT CAGR of 16%/21%/23% over FY23/FY24/FY25. We increase our FY23E EPS by ~5% to factor in lower credit costs and higher loan growth. **While we estimate a margin compression of ~40bp in FY24, we reiterate that CIFIC has levers on cost ratios and business AUM growth to deliver a healthy RoA/RoE profile of 2.6%/21% in FY25. Maintain BUY with a TP of INR880 (based on 3.9x Sep'24 BVPS).**

Strong disbursements lead to 31% YoY AUM growth

- CIFIC's business AUM grew 9% QoQ/31% YoY to INR955b. Within vehicle finance, MUV/Cars/LCV/CE posted a sequential growth of 11%/8%/4%/9%.
- Disbursements surged 68% YoY to ~INR175.6b. Vehicle Finance contributed ~60% to the disbursement mix in 3QFY23.

Management of NIMs will be the key monitorable

- The effect of rising CoF was offset by a ~30bp sequential improvement in yields, leading to stable margins and spreads in 3QFY23. Vehicle Finance (fixed rate in nature) exhibited NIM compression of ~40bp in the quarter.
- Despite this, CIFIC was able to maintain largely steady overall margins, aided by treasury gains (incl. investment income of INR740m) and contribution from non-vehicle product segments and CSEL, SBPL and SME businesses.
- CIFIC has increased interest rates by ~160bp in LAP and ~120bp in Home Loans (HL) in 9HFY23. CIFIC plans to mitigate margin compression by increasing interest rates on the floating-rate book of HL, LAP and SME. Opex remained elevated with the cost-to-income ratio at 41% due to investments in scaling up new businesses and in technology.

Sequential improvement in asset quality across all segments

- GS3 improved sequentially across all segments. ECL/EAD also declined ~30bp QoQ to ~2.45%.
- Stage 2 + Stage 3 [30+dpd] declined ~150bp QoQ to 8.4%. Restructured book stood at INR28b, out of which INR25.4b forms part of 30+dpd.

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- GNPA and NNPA (RBI IRAC) declined ~50bp/30bp QoQ to 5.4% and 3.8%. The company carries higher provisions of ~INR7.3b under IND-AS over IRAC.
- Management overlay declined by INR280m in 3QFY23 and total management overlay stood at INR5b (~50bp of business AUM).

Key highlights from the management commentary

- Management has guided for a pre-tax RoTA of >3.5%.
- In the consumer lending business, underwriting in both Personal and Business loans is based on the scorecard and 96% of the customers acquired have a CIBIL score of >700.

Valuation and view

- The vulnerable asset pool (Stage 2 + 3) declined ~150bp QoQ to 8.4%. The improvement in the 30+dpd pool suggests that collections have been increasing and will sustain in 4QFY23 as well. CIFC has exhibited conservatism in provisioning and it now carries ECL/EAD of 2.45% (v/s 1.75% prior to COVID-19), which includes a management overlay of ~50bp.
- CIFC has exhibited its capabilities to scale up the new businesses, with their contributions to the disbursement mix inching up to ~22% in 3QFY23. While the new businesses will drive higher opex and credit costs, higher yields should lead to RoTA accretion. CIFC is a franchise equipped to deliver strong AUM growth with benign credit costs (relative to peers), translating into a sustainable RoE of ~20% across economic cycles.
- The stock trades at 3.6x FY24E P/BV. We believe there will be a further expansion in multiples once investors gain more confidence in its execution capability in new product lines. **Maintain BUY.**

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E	3QFY23E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	23,712	23,468	24,095	24,390	26,123	28,293	31,416	35,231	95,668	1,21,062	30,980	1
Interest Expenses	11,038	10,778	10,460	10,712	11,309	13,404	15,433	18,327	42,988	58,473	15,415	0
Net Interest Income	12,674	12,690	13,634	13,679	14,814	14,888	15,983	16,904	52,680	62,590	15,566	3
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	17.3	17.2	23.6	13.3	18.8	14.2	
Other Income	958	1,239	1,208	1,927	1,587	2,085	2,334	2,468	5,720	8,474	2,112	
Total Income	13,632	13,929	14,842	15,606	16,401	16,974	18,317	19,372	58,400	71,064	17,678	4
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	21.9	23.4	24.1	16.8	21.7	19.1	
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,611	7,520	8,171	20,687	28,100	6,912	9
Operating Profit	9,927	8,750	9,525	9,120	10,604	10,363	10,797	11,201	37,712	42,964	10,766	0
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	18.4	13.4	22.8	10.4	13.9	13.0	
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	2,782	1,589	1,354	8,803	8,711	2,564	-38
Profit before Tax	4,407	8,165	7,043	9,294	7,617	7,581	9,208	9,848	28,909	34,253	8,202	12
Tax Provisions	1,139	2,100	1,805	2,398	1,961	1,947	2,365	2,531	7,442	8,803	2,108	12
Net Profit	3,268	6,065	5,238	6,896	5,657	5,634	6,843	7,317	21,467	25,450	6,094	12
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-7.1	30.6	6.1	41.7	18.6	16.3	
Key Parameters (Calc., %)												
Yield on loans	14.6	14.4	14.2	13.6	13.6	13.7	14.1		13.3	13.7		
Cost of funds	7.0	6.9	6.5	6.3	6.3	7.0	7.3		6.5	7.0		
Spread	7.7	7.5	7.6	7.2	7.3	6.7	6.7		6.9	6.7		
NIM	7.4	7.4	7.6	7.3	7.5	7.0	7.0		7.5	7.2		
C/I ratio	27.2	37.2	35.8	41.6	35.3	38.9	41.1		35.4	39.5		
Credit cost	3.3	0.3	1.4	-0.1	1.5	1.3	0.7		1.2	1.0		
Tax rate	25.9	25.7	25.6	25.8	25.7	25.7	25.7		25.7	25.7		
Balance Sheet Parameters												
Disbursements (INR b)	36	87	104	127	133	146	176		355	650		
Growth (%)	1.3	34.8	31.6	57.6	266.7	68.0	68.4		36.3	83.2		
AUM (INR b)	678	700	727	769	819	877	955		769	1,030		
Growth (%)	6.8	4.2	5.8	9.9	20.8	25.2	31.3		9.9	34.0		
AUM mix (%)												
Vehicle finance	71.4	70.4	69.7	68.8	67.6	65.7	64.2		68.8	63.4		
Home Equity	21.4	22.0	22.3	22.3	22.1	21.5	20.9		22.3	20.0		
Home loans & Others	7.2	7.6	8.0	9.0	10.3	12.8	14.9		9.0	8.8		
Borrowings (INR b)	632	623	658	692	739	793	893		692	979		
Growth (%)	8.0	2.9	6.1	8.5	17.0	27.3	35.7		8.5	41.5		
Asset Quality Parameters												
GS 3 (INR B)	45.5	42.7	42.4	33.4	34.1	33.8	33.7		33.4	31.9		
GS 3 (%)	6.8	6.2	5.9	4.4	4.2	3.8	3.5		4.4	3.2		
NS 3 (INR B)	29.3	27.1	26.0	20.2	20.2	19.8	19.9		29.3	27.1		
NS 3 (%)	4.6	4.1	3.7	2.7	2.5	2.3	2.1		2.4	1.9		
PCR (%)	35.5	36.5	38.8	39.7	40.7	41.5	41.0		47.3	41.0		
Vehicle finance AUM mix (%)												
LCV	20.8	21.0	20.9	20.8	21.0	21.4	20.9		20.8	21.0		
Cars & MUV	17.4	17.7	18.1	18.2	18.9	19.4	19.9		18.2	18.9		
3W & SCV	5.5	5.3	5.1	4.8	4.6	4.5	4.4		4.8	4.6		
Used CV	26.1	26.5	27.1	27.9	27.4	27.1	26.9		27.9	27.4		
Tractor	10.4	10.2	10.3	9.8	9.6	9.2	9.0		9.8	9.6		
HCV	9.4	8.8	7.8	7.4	7.2	7.0	6.7		7.4	7.2		
CE	6.2	6.3	6.3	6.4	6.4	6.4	6.5		6.4	6.4		
Two wheeler	4.2	4.2	4.5	4.6	4.9	5.2	5.7		4.6	4.9		

E: MOFSL estimates



Highlights from the management commentary

Performance update

- Total AUM (including off-book and investments) has crossed the milestone of INR1tn.
- Disbursements grew 68% YoY to INR175.6b.
- NII grew 22% YoY to INR18.32b. PAT grew 31% YoY to INR6.8b.
- Interim dividend of INR1.3/share

Margins

- Vehicle Finance: As the share of new book increases, the yields will improve. It will take 3-4 quarters for the yields to improve progressively.
- Reiterated that it is trying to mitigate margin compression of 40-50bp in FY23 by increasing the interest rates on the floating-rate book of LAP, HL and SME. CIFIC has increased interest rates by 160bp in LAP and 120bp in HL.
- Despite a ~40bp QoQ margin compression in vehicle finance, CIFIC was able to maintain largely steady margins (at company level) because of the contribution from CSEL, SBPL and SME business and treasury gains, including investment income of INR740m.
- About 40% of the liabilities are fixed and ~60% are bank term loans, which are floating. This will be managed by engaging with banks for bring down the cost of borrowings.

Guidance

- Management has guided for pre-tax RoTA of >3.5%.

Opex

- Disbursements were significantly higher, and variable pay was also higher. At the company level, opex is high because of the investments in building new businesses and investments in technology.

Asset Quality

- Guided that asset quality will trend better in 4QFY23 and credit costs should decline.
- The restructured book stood at INR28b — ~INR2.6b in Stage 1, ~INR20.4b in Stage 2, and ~INR5b in Stage 3.

Vehicle Finance

- Tractors/HCV is a rate-sensitive segment and banks are aggressive in this segment. SRTOs are still buying used CVs, which is good for Chola serving the middle of the pyramid customers.
- In terms of overall market, CVs are doing well. Both the top of the pyramid and middle of the pyramid customers are doing well.
- Banks are operating more aggressively in the HCV segment - The SRTOs are still not buying HCVs, they are buying used vehicles. Chola has gained market share in HCVs as well.

Consumer Loans

- Against the overall industry size, CIFIC's market share is 0.8-0.9% in consumer loans. CSEL is being done in less than 50% of the VF branches, resulting in ~INR5b quarterly disbursements, which translates into ~INR10m quarterly disbursement per manager.
- The company is not aggressive in consumer loans and there are checks and balances in place. It has comfort now to build momentum in new businesses.
- PL/BL is 100% scorecard-based. In the consumer lending business, 96% of the customers acquired have a CIBIL score of >700.
- Credit Model driven underwriting and the entire underwriting is digitized. All the rule engines are applied. Credit score rule deviations are very closely monitored. Collection efficiency is 99.72%.
- Bounce rates are sub-5%. First EMI bounces are sub-3% with 100% clearance on a month-on-month basis.
- Not doing any flexi loans. It is still in the pilot phase of the PL/BL business. It first wants to become a pan-India player in traditional, D2C and DST channels.
- It has created SME ecosystem but feels it is too early to do cross-selling. However, at some point, it will be looking to establish the data analytics platform and do cross-selling to customers.
- The origination mix is 2/3rd from traditional channels and 1/3rd from partnerships. The disbursement mix of INR13b from traditional channels and INR5.68b from partnerships. It intends to keep this sourcing mix steady.

LAP

- GS3 declined to 4.8% (v/s 7.9% YoY).
- Home Equity is done across 570 branches. Expansion in Tier3/4 cities is going well - Business expansion is going well. This year there were provision write-backs and strong resolutions. From next year onward, it expects to have reasonable credit costs.
- When the LAP business is expanded to smaller geographies, the number of loans goes up and the ticket size comes down. Guided for 35-40% growth in LAP.

Home Loans

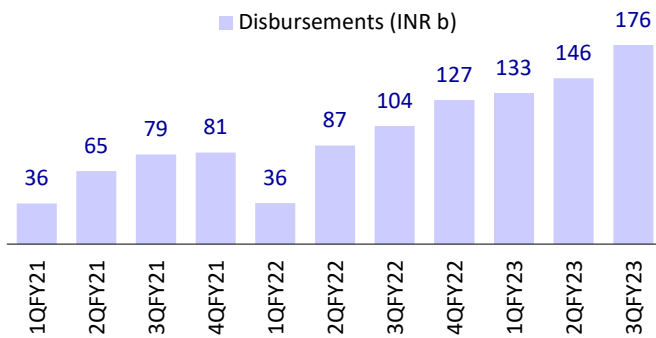
- Piloted Home Loans in South and is now expanded to other geos. Spreading its wing to West, North and East. Present in 462 branches across India.

Others

- Fee income growth will be in line with the disbursement growth.
- In FY24, the increase in credit costs in the new businesses will be offset by higher operating efficiencies, leading to lower cost ratios.

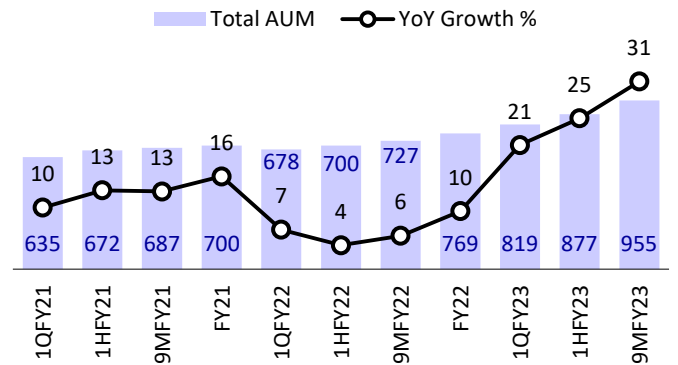
Key exhibits

Exhibit 1: Disbursements rose ~68% YoY



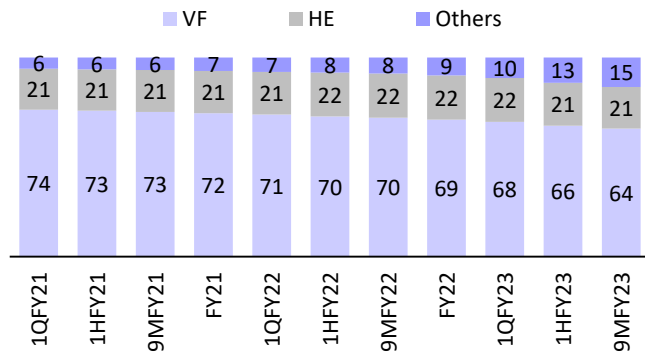
Source: MOFSL, Company

Exhibit 2: AUM grew ~9% QoQ and 31% YoY



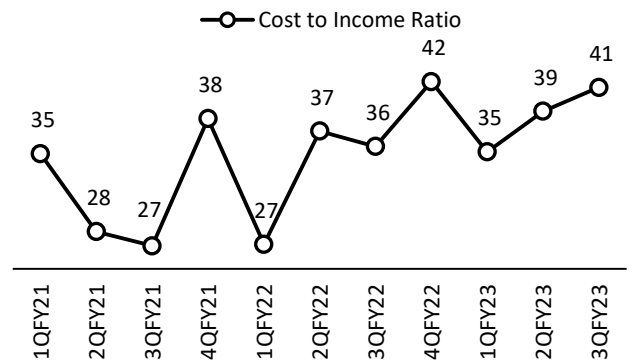
Source: MOFSL, Company

Exhibit 3: Vehicle Finance in the AUM mix has been gradually declining that implies a more diversified mix (%)



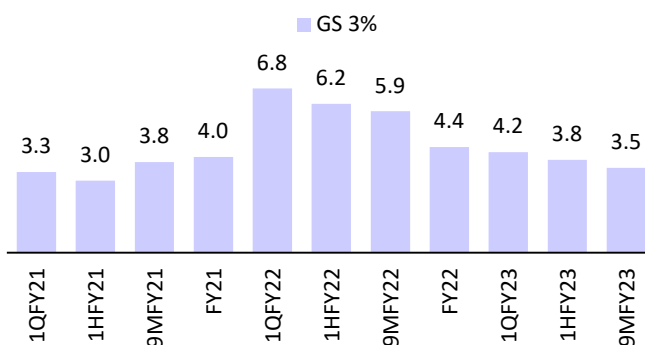
Source: MOFSL, Company

Exhibit 4: C/I ratio increased to 41%



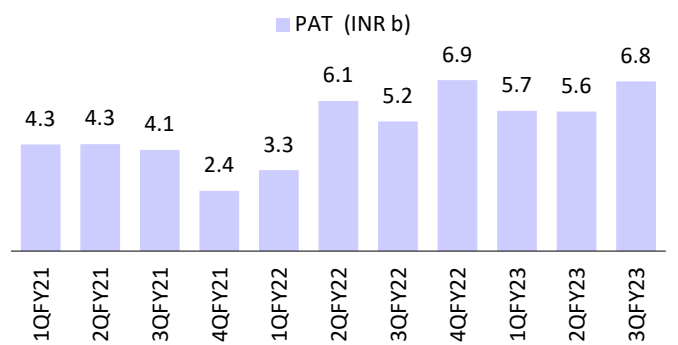
Source: MOFSL, Company, 4QFY21 had one-off employee costs

Exhibit 5: GS3 (excluding the impact of the RBI circular) improved ~30bp QoQ to 3.5%



Source: MOFSL, Company, Note: This includes SC order

Exhibit 6: PAT grew 31% YoY to INR6.8b



Source: MOFSL, Company

Valuation and view

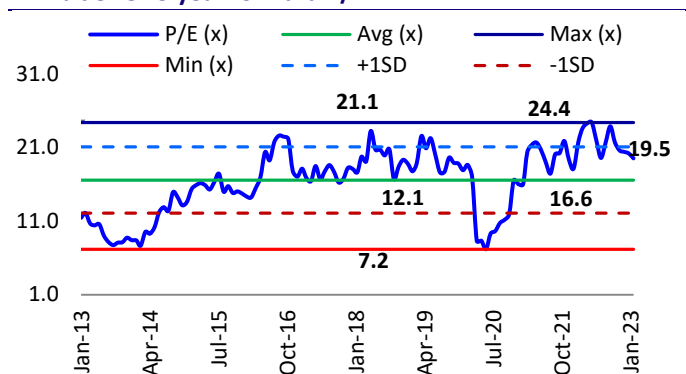
- The vulnerable asset pool (Stage 2 + 3) declined ~150bp QoQ to 8.4%. The improvement in the 30+dpd pool suggests that collections have been increasing and will sustain in 4QFY23 as well. CIFIC has exhibited conservatism in provisioning and it now carries ECL/EAD of 2.45% (v/s 1.75% prior to COVID-19), which includes a management overlay of ~50bp.
- CIFIC has exhibited its capabilities to scale up the new businesses, with their contributions to the disbursement mix inching up to ~22% in 3QFY23. While the new businesses will drive higher opex and credit costs, higher yields should lead to RoTA accretion. CIFIC is a franchise equipped to deliver strong AUM growth with benign credit costs (relative to peers), translating into a sustainable RoE of ~20% across economic cycles.
- The stock trades at 3.6x FY24E P/BV. We believe there will be a further expansion in multiples once investors gain more confidence in its execution capability in new product lines. **Maintain BUY.**

Exhibit 7: We increase our FY23 EPS estimate by ~5% to factor in lower credit costs and higher loan growth

INR B	Old Est.			New Est.			% change		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
NII (incl. assignments)	60.3	76.0	91.5	61.1	75.1	91.0	1.4	-1.1	-0.5
Other Income	9.3	10.1	10.9	9.9	10.7	11.5	7.0	5.9	5.3
Total Income	69.6	86.0	102.4	71.1	85.8	102.5	2.1	-0.3	0.1
Operating Expenses	27.0	31.2	35.5	28.1	32.5	37.0	4.0	4.1	4.2
Operating Profits	42.6	54.8	66.9	43.0	53.3	65.5	0.9	-2.8	-2.1
Provisions	9.9	13.1	14.7	8.7	11.1	13.9	-12.4	-14.7	-5.0
PBT	32.6	41.8	52.2	34.3	42.2	51.6	5.0	0.9	-1.3
Tax	8.3	10.7	13.3	8.8	10.8	13.3	5.8	1.7	-0.5
PAT	24.3	31.1	38.9	25.5	31.3	38.3	4.7	0.6	-1.5
AUM	1,029	1,274	1,505	1,030	1,276	1,511	0.1	0.2	0.4
Loans	1,003	1,242	1,467	1,005	1,244	1,473	0.1	0.2	0.4
Borrowings	934	1,172	1,377	979	1,187	1,390	4.8	1.3	1.0
NIM	7.1	6.9	6.9	7.2	6.8	6.8			
Credit Cost	1.1	1.1	1.1	1.0	1.0	1.0			
RoA on AUM	2.5	2.5	2.6	2.6	2.5	2.6			
RoE	19.0	20.3	21.0	19.8	20.2	20.5			

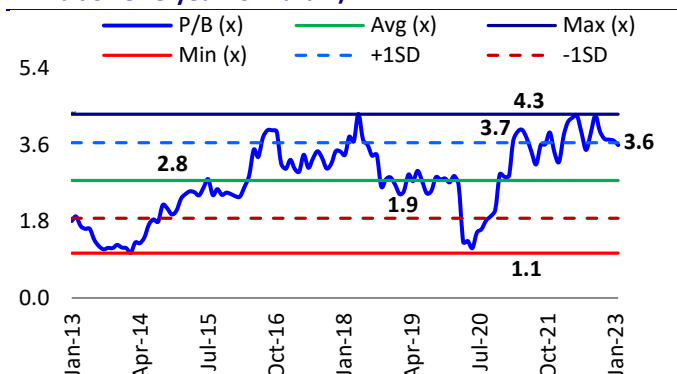
Source: MOFSL, Company

Exhibit 8: One-year forward P/E



Source: Company, MOSL

Exhibit 9: One-year forward P/B



Source: Company, MOSL

Financials and valuations

Income Statement							(INR M)		
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Interest Income	43,717	51,862	64,962	78,417	88,772	93,251	1,19,612	1,56,304	1,90,242
Interest Expenses	22,308	26,593	35,887	45,922	45,759	42,988	58,473	81,217	99,222
Net Interest Income	21,409	25,268	29,075	32,495	43,013	50,263	61,140	75,087	91,020
Change (%)	14.8	18.0	15.1	11.8	32.4	16.9	21.6	22.8	21.2
Income from assignments	2,103	0	867	2,473	0	0	0	0	0
Other Operating Income	776	2,931	4,090	5,637	6,388	7,232	8,205	8,888	9,576
Other Income	8	4	7	3	596	905	1,719	1,805	1,895
Total Income	24,295	28,203	34,039	40,607	49,997	58,400	71,064	85,780	1,02,491
Change (%)	13.4	16.1	20.7	19.3	23.1	16.8	21.7	20.7	19.5
Total Operating Expenses	10,133	11,153	12,696	15,776	15,834	20,687	28,100	32,482	36,975
Change (%)	19.9	10.1	13.8	24.3	0.4	30.6	35.8	15.6	13.8
Employee Expenses	4,027	5,368	5,906	6,550	7,485	8,945	12,702	14,608	16,507
Business Origination Expenses	1,784	775	1,525	2,398	2,242	2,259	2,643	2,960	3,286
Other Operating Expenses	4,323	5,010	5,265	6,828	6,107	9,483	12,754	14,914	17,183
Operating Profit	14,162	17,051	21,344	24,831	34,162	37,712	42,964	53,298	65,516
Change (%)	9.1	20.4	25.2	16.3	37.6	10.4	13.9	24.1	22.9
Total Provisions	3,106	3,037	3,112	8,973	13,778	8,803	8,711	11,146	13,949
% of Operating Profit	21.9	17.8	14.6	36.1	40.3	23.3	20.3	20.9	21.3
PBT	11,056	14,014	18,232	15,857	20,384	28,909	34,253	42,152	51,567
Tax Provisions	3,868	4,831	6,370	5,334	5,235	7,442	8,803	10,833	13,253
Tax Rate (%)	35.0	34.5	34.9	33.6	25.7	25.7	25.7	25.7	25.7
PAT	7,187	9,183	11,862	10,524	15,149	21,467	25,450	31,319	38,314
Change (%)	26.4	27.8	29.2	-11.3	44.0	41.7	18.6	23.1	22.3
Proposed Dividend	547	1,016	1,016	1,662	1,640	1,641	1,889	2,464	2,875

Balance Sheet							(INR M)		
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Share Capital	1,564	1,564	1,564	1,640	1,640	1,643	1,643	1,643	1,643
Equity Share Capital	1,564	1,564	1,564	1,640	1,640	1,643	1,643	1,643	1,643
Preference Share Capital	0	0	0	0	0	0	0	0	0
Reserves & Surplus	40,971	49,105	59,880	80,079	93,962	1,15,434	1,38,995	1,67,850	2,03,289
Net Worth for Equity Shareholders	42,535	50,669	61,445	81,718	95,602	1,17,077	1,40,638	1,69,493	2,04,932
Borrowings	3,02,001	3,83,303	5,05,667	5,50,054	6,37,300	6,91,735	9,78,909	11,86,882	13,90,311
Change (%)	33.8	26.9	31.9	8.8	15.9	8.5	41.5	21.2	17.1
Total Liabilities	3,50,372	4,40,897	5,74,263	6,39,930	7,45,484	8,23,655	11,36,617	13,76,005	16,17,229
Investments	697	729	729	729	16,188	20,762	39,156	47,475	55,612
Change (%)	4.6	4.7	0.0	0.0	2,120.0	28.3	88.6	21.2	17.1
Loans	3,32,244	4,22,532	5,26,223	5,54,027	6,58,393	7,41,492	10,04,670	12,44,312	14,73,427
Change (%)	27.9	27.2	24.5	5.3	18.8	12.6	35.5	23.9	18.4
Net Fixed Assets	1,417	1,646	1,759	2,839	2,294	2,685	3,088	3,551	3,977
Total Assets	3,50,372	4,40,897	5,74,263	6,39,930	7,45,484	8,23,634	11,36,617	13,76,005	16,17,229

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Spreads Analysis (%)									
Avg. Yield on Loans	14.8	13.7	13.7	14.5	14.6	13.3	13.7	13.9	14.0
Avg Cost of Funds	8.5	7.8	8.1	8.7	7.7	6.5	7.0	7.5	7.7
Spread of loans	6.3	6.0	5.6	5.8	6.9	6.9	6.7	6.4	6.3
NIM (on loans)	7.4	6.8	6.3	6.5	7.7	7.5	7.2	6.8	6.8
Profitability Ratios (%)									
RoE	18.2	19.7	21.2	14.7	17.1	20.2	19.8	20.2	20.5
RoA	2.3	2.3	2.3	1.7	2.2	2.7	2.6	2.5	2.6
Int. Expended / Int.Earned	51.0	51.3	55.2	58.6	51.5	46.1	48.9	52.0	52.2
Other Inc. / Net Income	3.2	10.4	12.0	13.9	14.0	13.9	14.0	12.5	11.2
Efficiency Ratios (%)									
Op. Exps. / Net Income	41.7	39.5	37.3	38.9	31.7	35.4	39.5	37.9	36.1
Empl. Cost/Op. Exps.	39.7	48.1	46.5	41.5	47.3	43.2	45.2	45.0	44.6
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	110	110	104	101	103	107	103	105	106
Net NPAs to Net Adv.	3.2	2.3	1.6	2.3	2.3	2.4	1.9	1.6	1.4
Assets/Equity	8.2	8.7	9.3	7.8	7.8	7.0	8.1	8.1	7.9
Average leverage	8.0	8.5	9.1	8.5	7.8	7.4	7.6	8.1	8.0
Valuations									
Book Value (INR)	54	65	79	100	117	143	171	206	249
BV Growth (%)	16.2	19.1	21.2	26.9	17.0	22.2	20.1	20.5	20.9
Price-BV (x)					6.4	5.3	4.4	3.6	3.0
EPS (INR)	9	12	15	13	18	26	31	38	47
EPS Growth (%)	26.3	27.7	29.1	-15.4	44.0	41.4	18.6	23.1	22.3
Price-Earnings (x)					40.6	28.7	24.2	19.7	16.1
Dividend per share	1.1	1.3	1.3	1.7	2.0	2.0	2.3	3.0	3.5
Dividend Yield (%)					0.3	0.3	0.3	0.4	0.5

E: MOFSL Estimates

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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